

International Brotherhood of Electrical Workers

Local 1547

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BUSINESS MANAGER • FINANCIAL SECRETARY

KNUTE ANDERSON
PRESIDENT

January 31, 2012



The Honorable Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

**RE: Connect America Fund
A National Broadband Plan for Our Future
Establishing Just and Reasonable Rates for
Local Exchange Carriers
High-Cost Universal Service Support
Developing a Unified Inter-carrier
Compensation Regime
Federal-State Joint Board on Universal
Service
Lifeline and Link-Up
Universal Service Reform-Mobility Fund**

**WC Docket No. 10-90
GN Docket No. 09-51**

**WC Docket No. 07-135
WC Docket No. 05-337**

CC Docket No. 01-92

**CC Docket No. 96-45
WC Docket No. 03-109
WT Docket No. 10-208**

Dear Chairman Genachowski:

IBEW Local 1547 writes to express our concerns regarding the FCC's two-year transition for companies receiving Connect America Funds. Specifically, we object that Incumbent Local Exchange Carriers (ILECs) are not receiving the same advantage granted to the Competitive Eligible Telecommunications Companies (CETCs).

We also express our concern regarding the commission's use of the quantile regression analysis as a critical element determining the level of Universal Service Fund support for rate of return rural ILECs. We read with interest the criticism of Professor Roger Koenker, creator of the quantile regression analysis, in which he argues that the FCC has misapplied his formula, including arbitrarily assigning a zero factor to some elements, which in Professor Koenker's view results in incorrect conclusions.

Alaska's small rate of return ILECs have done an admirable job of investing in much needed networks to bring the most advanced telecom services possible to our state's many isolated, sparsely populated communities. In doing so, they have incurred significant debt based on their understanding that Universal Service Fund support would be available to assist in maintaining debt coverage. As noted in the letter of January 26th from Rural Telephone Finance Corporation senior vice-president Lawrence Zawalick to Secretary of Agriculture Vilsack, the FCC's abrupt change in policy as outlined in the above named proceedings, these companies will find it difficult to avoid debt default and impossible to obtain new financing for future network investment.

As a direct result of the commission's change in direction and for the reasons mentioned above, Alaska's small rate of return ILECs find themselves forced to stop network

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investment. That translates into a degradation of service to Alaskan consumers. It also means a loss of jobs. This is a combination of results that can only lead to a downward spiral in Alaska's economic future.

As carriers of last resort, ILECs are obligated to provide services to customers in some of the most remote and challenging areas in the state of Alaska. The recent changes by the FCC fail to acknowledge this fact as well as the enormous legacy investment costs of ILEC's which ultimately result in thinner profits.

We urge the commission to rethink its policies as they apply to Alaska.

Thank you for your consideration.

Sincerely,



Mike Hodsdon
Business Manager/Financial Secretary
IBEW LU 1547

MH/bp

C: Commissioner Mignon Clyburn
Commissioner Robert M. McDowell
File